

PAYMENT AGREEMENT

This payment agreement (the "Agreement") is made as of the 17th day of September, 2015 (the "Effective Date") by and between Amphastar Pharmaceuticals, Inc., a Delaware Corporation, with its principal office and place of business at 11570 6th Street, Rancho Cucamonga, California 91730, U.S.A. ("Amphastar") on the one hand, and the Delaware Department of Justice, with its principal office at 820 N. French Street, Wilmington, DE 19801 ("Delaware DOJ"), on the other hand, each of Amphastar and Delaware DOJ a "Party," and together, the "Parties."

RECITALS

WHEREAS, the State of Delaware is confronting a public health challenge, as the number of heroin and opioid-related deaths continues to increase;

WHEREAS, with proper, timely administration, the drug naloxone can reverse the effects of an overdose of heroin or another opioid, acting as an antidote and saving lives;

WHEREAS, Delaware DOJ transmitted a letter to Amphastar expressing concern that an increase in the pricing of Amphastar's currently marketed naloxone drug product ("Naloxone") could adversely affect access to the drug;

WHEREAS, Amphastar maintains that its pricing of Naloxone is based upon legitimate and lawful business factors;

WHEREAS, in a mutual good faith effort to amicably resolve Delaware DOJ's noted pricing concerns, the Parties have engaged in discussions regarding Amphastar's Naloxone pricing; and

WHEREAS, Amphastar and Delaware DOJ each believe that the obligations imposed by this Agreement are beneficial to the public and will improve access to Naloxone, and will potentially save lives.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

AGREEMENT

1. Payment Amount. Amphastar shall make a payment ("Payment") in the amount of \$4.00 (the "Payment Amount") for each Amphastar Naloxone Syringe (a "Syringe") where either (a) the purchase price of the Syringe was reimbursed by a government or public entity in the State of Delaware ("State Agency"); or (b) a State Agency purchased the Syringe and where that State Agency will receive no reimbursement for the costs of that Syringe from any other State Agency. Amphastar shall pay the Payment Amount associated with a given Syringe regardless of whether the Syringe was purchased directly from Amphastar or from a third party.

2. Payment Increase. Notwithstanding paragraph 1, in the event Amphastar increases its wholesale acquisition cost ("WAC") of a Naloxone Syringe ("WAC Increase"), Amphastar shall increase the Payment Amount by the actual dollar amount of the WAC Increase to offset any increase in the Syringe price. However, in no event shall the Payment Amount be reduced.

3. Payment Procedures. A State Agency seeking Payments under this Agreement shall submit to Amphastar a written accounting certifying the number of Naloxone Syringes purchased or reimbursed by the State Agency during a given quarter, i.e., a three (3) month time

period(a "Certified Request"), within sixty (60) business days of the conclusion of the quarter. This Certified Request shall include paid invoices or other reasonably adequate documentation of the number of Syringes purchased. Amphastar shall pay the total accrued Payment Amounts to the submitting State Agency within ninety (90) business days of receipt of a Certified Request. Amphastar shall mail a report to Delaware DOJ each quarter listing each State Agency that submitted a Certified Request to Amphastar and the total Payment Amounts disbursed to each such State Agency.

4. Special Payment Procedures. Notwithstanding paragraph 3, in the event more than ten (10) separate State Agencies submit Certified Requests to Amphastar in a given quarter, Amphastar shall collect all Certified Requests it receives and forward them in a single submission to Delaware DOJ. Within sixty (60) days of receiving these Certified Requests from Amphastar, Delaware DOJ shall consolidate them into a single Certified Request ("Consolidated Request") and submit this Consolidated Request to Amphastar on behalf of all State Agencies seeking Payments that quarter. Within sixty (60) business days of receipt of the Consolidated Request, Amphastar shall pay the total accrued Payment Amounts reflected in the Consolidated Request to the State. Delaware DOJ shall thereafter disburse Payments to State Agencies as required.

5. Term and Termination. This Agreement shall apply to Syringes purchased within one (1) year following the Effective Date of this Agreement (the "Term"). Following the payment of all Payment Amounts accrued during the Term and submitted for reimbursement pursuant to paragraph 3 or paragraph 4 above, this Agreement shall terminate ("Termination"), except for paragraphs 6 through 14, which shall survive Termination.

6. Liability Exclusion. Except as otherwise may be stated herein, Amphastar's liability under this Agreement is limited to payment of the Payment Amount for Syringes purchased during the Term, and Amphastar otherwise shall assume no further liability pursuant to this Agreement, including liability for damages of any type (including direct, indirect, and consequential damages). Except as provided in paragraph 7 below, however, nothing in this Agreement shall be construed to alter or limit any of Amphastar's existing legal obligations relating to product liability, including but not limited to such liability arising from the manufacture or marketing of Naloxone.

7. Assurance of Discontinuance. Delaware DOJ finds the financial relief and other obligations set forth in this agreement to be in the public interest, accepts the terms of this Agreement in lieu of commencing any legal proceeding, and hereby agrees not to take legal action against Amphastar or any of its affiliates, predecessors, successors, parents, subsidiaries, assigns, agents, administrators, attorneys, directors, shareholders, officers, employees, or representatives in connection with its 2014 pricing of Naloxone. For the avoidance of doubt, nothing in this Agreement shall be construed as an admission or concession by Amphastar of any liability in connection with Naloxone, including with respect to Amphastar's pricing, sales, manufacture, and marketing thereof.

8. Disclaimer. Amphastar expressly disclaims any endorsement or promotion of off-label use by the State of Delaware and/or any State Agency of any of Amphastar's products, including Amphastar's Naloxone.

9. Amendment. Unless otherwise provided herein, this Agreement may not be changed, waived, discharged, or terminated orally, but instead only by a written document that is signed by the duly authorized officers of both Parties.

10. Severability. Whenever possible, each provision of the Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any term or

provision of this Agreement is held to be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity, without invalidating the remainder of the Agreement and this Agreement shall be interpreted and construed as if such provision had never been contained herein.

11. Governing Law. This Agreement shall be governed by and interpreted under the laws the State of Delaware without regard to its conflict or choice of law provisions.

12. Third Party Beneficiaries. The Parties agree that any State Agency purchasing Naloxone during the Term constitutes an intended third-party beneficiary of this Agreement.

13. Entire Agreement. This Agreement constitutes the entire agreement by and between the Parties as to the subject matter hereof. This Agreement supersedes and replaces in its entirety all prior agreements, understandings, letters of intent, and memoranda of understanding by and between the Parties hereto, in either written or oral form.

14. Counterparts; Electronic or Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one instrument. This Agreement may be executed and delivered electronically or by facsimile and upon such delivery such electronic or facsimile signature will be deemed to have the same effect as if the original signature had been delivered to the other Party.

Amphastar Pharmaceuticals, Inc.

By: _____



Name: Jason Shandell

Title: President

Delaware Department of Justice

By: _____



Name: Matthew P. Denn

Title: Attorney General